

INDUSTRY UPDATE

Biweekly Period Ending May 19, 2001

Phoenix Metro Area

Manufacturing

The hub of the Valley's semiconductor industry, Chandler, took a few more employment hits in the past few weeks with the announcement of **additional layoffs at SpeedFam-IPEC and Amkor Technology**. Semiconductor toolmaker Speedfam, which laid off 220 employees (18 percent of its worldwide workforce) in March, said it is **cutting an additional 120 jobs** and salaries of mid- and upper-management. Most of the recent and previous layoffs were at its Chandler headquarters. Pennsylvania-based **Amkor**, which packages and tests semiconductor products, said in late April it will **lay off 2,000 employees worldwide**, primarily at its production sites in the Philippines and South Korea. However, an **unspecified number of job cuts** will also take place **at its Chandler location**, where Amkor employs 450 administrative, research, engineering, and sales workers. Amkor cut about 25 jobs at the Chandler site during the first three months of the year.

Already reeling from its worst quarterly results in 15 years, **Motorola** has **put up the "For Sale" sign** at its **Integrated Information Systems Group** in Scottsdale. Almost all of the division's 2,800 employees work at the 140-acre Scottsdale campus (McDowell and Hayden roads) where it **develops and produces government and military electronic equipment**. The Schaumburg, Ill.-based company said it wants to focus instead on communications products for business and consumers. Among potential buyers of the Motorola division are General Dynamics, Northrop Grumman, Raytheon, and L-3 Communications. One of the Valley's largest employers, Motorola has announced layoffs of

26,000 worldwide and 500 in the Valley in the past few months due to weak sales of its cellular phones, networking equipment, and semiconductor products.

Due to weak sales, **Newell Rubbermaid Inc.**, parent company of Rubbermaid, announced it will **lay off 3,000 people** (about 6 percent of its worldwide workforce) over the next three years and consolidate duplicate manufacturing facilities. **No specific information** was given about the job cuts, including if it will affect **Rubbermaid's Phoenix-area manufacturing operations**. Rubbermaid, the largest division within Newell Rubbermaid, makes a variety of home plastic products.

Services

It wasn't all bad news for Chandler, however (see above). A **subsidiary of Toyota Motor Co.** that handles financing and leasing of Toyota and Lexus automobiles will **open a customer-service center** in Chandler in October. **Toyota Financial Services'** Western Region customer-care center will **employ 400 workers** at the new **San Tan Corporate Center**, 3200 W. Ray Road. Half of the employees will be new hires, while half will relocate from the company's other offices. The move to Chandler is part of the company's plan to consolidate its administrative functions at three sites, with the other two facilities in Baltimore, Md., and Cedar Rapids, Iowa.

A Miami, Fla.-based **charter- and private-school operator** said it will **open three schools in the Valley** (two in Phoenix; one in Gilbert) **this fall**, employing about 100 people. And **Chancellor Academies** — which recently received \$40 million in backing from a Wall Street investment firm — said it expects to have a **dozen schools operating** in the Phoe-

nix area and **employing 500 within five years**. (Chancellor also plans to open one charter school in Tucson this fall.) Arizona currently leads the nation in charter schools with more than 400 serving 55,000 students.

Tucson Metro Area

Trade

Two competing national retailers are in the process of **developing “big-box” stores** in the Tucson metro area that would **employ about 400 people**. As part of a 218,000-square-foot shopping center, **Home Depot** won approval from the city council to build a 160,000-square-foot store **near the corner of Broadway and Pantano Road**. And **Lowe’s Home Improvement** is expected to **build its first Tucson-area store** on the site of a former Montgomery Ward at 4147 N. Oracle Road. Lowe’s assumed the lease on the Wards location from New York-based Kimco Realty Corp., which was awarded the rights to 250 Wards properties during bankruptcy proceedings for the former department store chain. No information was available when the stores are expected to open.

Statewide

Construction

A \$1 billion **school repair program** moving into the construction phase, the start of **work on several power plants**, and a continued **strong commercial real estate market** have **contractors** throughout the state **worried about a shortage of construction workers** (particularly in rural areas) this summer. For the past 16 months, officials with the school-repair program, called Students FIRST, have been inspecting schools to determine the cost of bringing facilities up to code and installing high-speed fiber-optic cable for Internet access. Information about school construction projects can be found on the Internet at: http://www.sfb.state.az.us/sfb/sfbpub/pm_rfp.stm.

Services

A statewide **shortage of 3,000 registered nurses** propelled **Gov. Jane Hull** to **form a task force** to **study solutions** to the problem. A survey by the Arizona Hospital and Healthcare Association pointed out several reasons for the nursing shortage, which is a problem across the nation. Among the major reasons for the shortage are: burnout from a high patient-to-nurse ratio and long hours of work; various opportunities for nurses in other less-stressful and higher-paying occupations; and a lack of incentives and higher pay needed to attract younger workers into the field. A recent survey by the federal Bureau of Health Professions showed nearly 500,000 nurses are not using their licenses, compared to about 400,000 in 1992.

Government

While the shortages of nurses and construction workers are a problem, those situations are much less complicated than the **outlook for prison personnel**. First, a **shortage of corrections workers** is threatening to keep a portion of the state’s newest and most sophisticated **prison in Buckeye empty**. However, even if there were workers lining up for jobs at the **Arizona State Prison-Lewis** complex, lack of state funds will keep one-fourth of the 4,150 inmate beds unfilled for the time being. Meanwhile, **work has stopped** on a partly finished **private prison near Kingman** because of uncertainty over its expected use. **Mohave Correctional Properties LLC** of Edmond, Okla., started building a private prison in October near the new Griffith Energy Plant off Interstate 40, but recently stopped work when it learned that two potential users (the state or federal government) have different needs (1,000 vs. 1,500 beds). Also, it will be **late summer** before several communities in Arizona learn where **three planned federal prisons to house foreign nationals will be located**. Then, an environmental impact study will be needed, followed by about a year to build the prisons. Finally, sometime this summer, the

Navajo Nation will select a private company to **build a facility to house 10,000 Native American prisoners** from across the nation. A site for the medium- to minimal-security prison — which will bring **\$20 million a year in revenue and jobs** — has **yet to be chosen**. Possible sites for the prison are located in **Chinle, Shiprock, and Tuba City**.

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